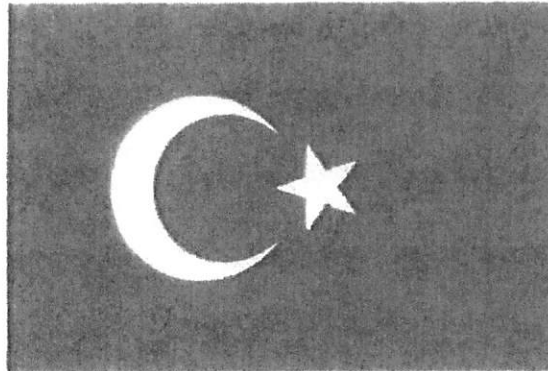


EXHIBIT 7

"Working Papers"
mbbk.docx

11/5/16



Statement of the Problem

How do we restore confidence in the government of the Republic of Turkey and expose the Fethullah Gülen cult in the United States?

Facts Bearing on the Problem and the Gülen Ecosystem

Where we were on
August 15, 2016

Facing a global, strong, well masked, well funded network that enjoys tacit support in the executive and legislative branch of the U.S. Government.

Public perception is in his favor.

Legal battles against the irregularities or possible illegal activities in his charter schools are overlooked, pushed over and not successful.

Strong support in Congress.

Almost TEFLON. No one wants to see him as who he really is.

Where we are on
November 4, 2016

We are changing the narrative **FROM:**

An aging man of God who is fighting an autocratic leader in his home country while running a network of charter schools with high quality education.

TO:

FG is a terrorist. He is a follower of Hasan Al Bana and Sayed Qutb, Founder of Muslim Brotherhood. U.S. taxpayers are funding a masked terror organization. Math and Science and English teachers from Turkey are here to brainwash our youth. He is perfecting the first phase of Jihad. Preparing the battlefield to unleash his "soldiers" at the right time.

Where are we headed?

Changing the public perception.

Educating Congress.

Exposing Turkey's Usama Bin Laden.

Building U.S. grassroots support to expose the true face of FG.

Documenting the story in two effective ways:

A three minute video teaser showing the true face of FG.

A 60 minute video that will be sent to all members of congress and selected USG.

How will we get there?

DISCOVER AND DISPLAY

Expose FG as a strategic national security threat.

Deep open source intelligence

Very senior voices with unique authority on the subject. Remove doubt.

Formal congressional hearings at Foreign Affairs and Homeland Security Committees

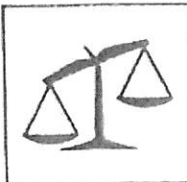
IRS
Immigration
Homeland Security

Public and Congressional Perception of Gülen



STATUS QVO = EASY TO BELIEVE

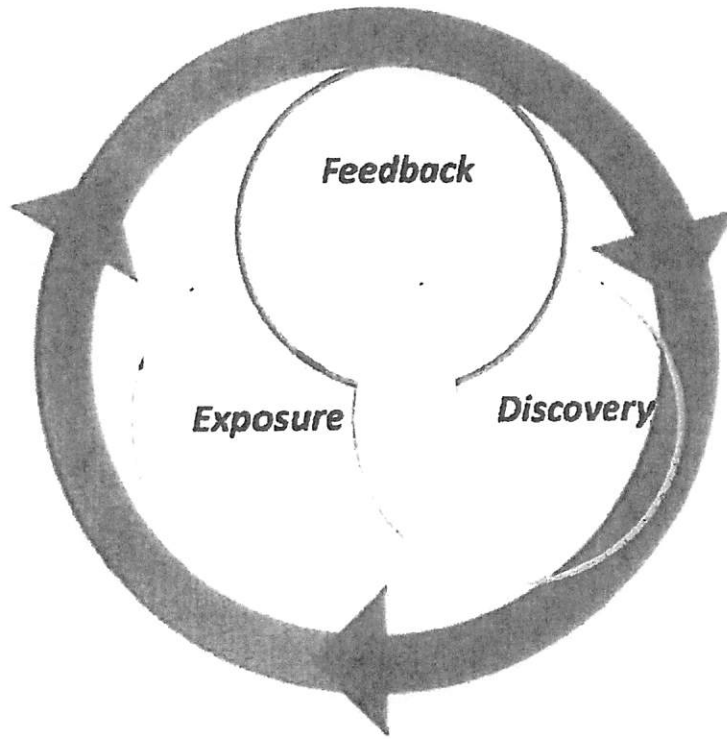
- POLITICAL PROTECTION
- DISSIDENT
- OLD MAN
- IMAM

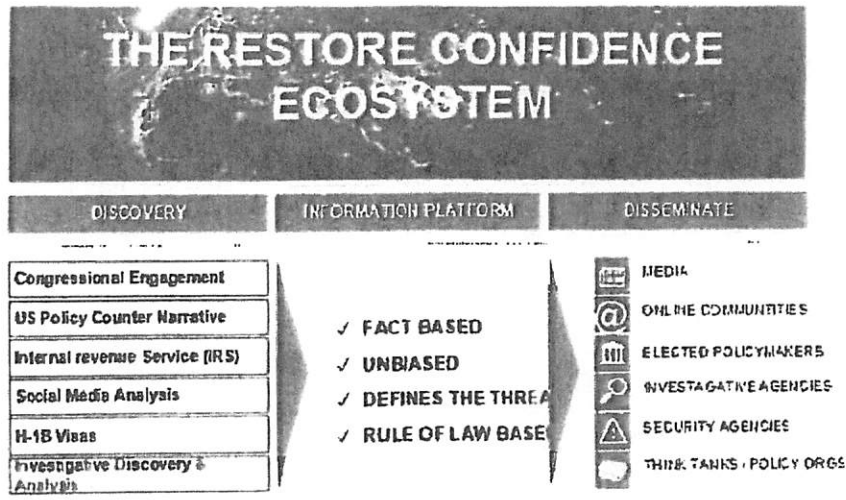


REALITY & FACTS = HARD TO BELIEVE

- COMPLEX NETWORK
- SECURITY RISK
- GLOBAL REACH

Our Roadmap Philosophy





We accomplish discovery by examining the following:

- Public Perception
- Tom Neers' "looking behind the curtain" - First Phase of Jihad
- Congressional Action/hearings
- IRS, Tax irregularities and Non-profit status
- Immigration- H1B Visa's
- 1782 Process of discovery

We expose by:

- Producing a 3 minute video with Sebastian Gorka, Philip Haney, Clare Lopez and Mike Flynn and selected other highly credible voices.
- Bring to the attention of US government agencies-IRS, INS, and DHS potential Rule of Law/Criminal wrong doing

- Produce a longer, in depth video

Talking Points

Phase Zero

Define the subject's sphere of influence, advantages and vulnerabilities. Design an effective strategy with tactical and strategic goals.

Findings:

INFLUENCE

The subject enjoys widespread support in congress. There is little or no real opposition to the subject's presence or activities. There are strong indications that the subject has built strong advocacy on the Hill. Likewise, there are strong indications that the subject has built an influence network in a number of key states. The public perception about the subject is generally positive.

ADVANTAGES

The subject is widely viewed as a legitimate political dissident seeking refuge in the United States. The request for extradition has raised the subject's public appraised value. This action has created even a stronger shield for the subject. Consolidation

and centralization of power by the leadership in the subject's home country provides an easy conclusion by the public that he is an old man of God despised by an authoritarian leader in his home country. Any criticism of the subject's acts is immediately interpreted as "political pressure", illegitimate "smear campaign" and unjust attacks on a nice old man. Our asymmetric assessment indicates that an announcement lifting the extradition request by the home country will reduce public appraised value of the subject. This action, if executed will open the space necessary for public scrutiny of the subject's activities. This action will reduce the subject's shield of legitimacy as a political dissident. The Extradition request has made the subject a lot more important than he really is.

VULNERABILITIES

The subject organization operates over 150 U.S. tax payer funded charter schools in 28 states. There are a number of irregularities in the operation of said schools. Legal professionals have shed light on these irregularities in the states of Ohio and Texas. Importing teachers from Turkey presents a number of easily observed irregularities that may prove to be direct violations of U.S. law. Creative/improper financial operations by the subject's organization offer a strong opportunity to unmask the true nature of dangerous, strategic activity under the guise of education. There may be illegal political contributions to political campaigns and nonprofit organizations also pose a potential vulnerability which will be

explored. When the subject's methods are compared to theoretical and historical teachings of Islamic Political activists of Hasan Al Banna, founder of Muslim Brotherhood (1928), Sayed Qutb (1950s-1960s), and deeper in the history, Hasan Sabbah (late 11th century), there are strong indications that the subject is very likely conducting the first phase of Jihad by slowly building a global loyal force to be activated at the right time. Subject lectures provide easily observed indicators of his long term objective. The resemblance of the subject's activities to Ayatollah Khomeini who duped the west in believing that he was a man of the cloth and a benevolent servant of the people serves as a basis to uncover and unmask the subject's ultimate goal of destabilizing his home country and the region.

TACTICAL and STRATEGIC Countermeasures

Devise specific actions to restrict the subject's influence. Exploit the vulnerabilities and reduce the systemic advantages enjoyed by the subject to open space for strategic goal on unmasking the subject's ultimate goal. We have determined that unmasking the subject's true objectives requires unmasking his most visible violations. Tactically, we will search, find and expose the subject's clear violations, influence operation, financial irregularities, illegal contributions, and violations of immigration law. As the legal professionals uncover and engage the subject's activities in the legal arena, we will expose the subject in the public arena. Concurrently with our tactical engagement,

we are producing a short video suitable for quick and wide distribution to key influence providers to the subject including but not limited to members of congress and key law enforcement agencies. Our strategic communication advisors have confirmed our plan that it is essential to have an easy to access, portable (easy to distribute) means of educating the influence providers to the subject. The ultimate aim of the video production is to ask the question:

IS THE SUBJECT ENGAGED IN THE FIRST PHASE OF JIHAD?

PHASE ONE

Operationalize the plan. Harmonize Cyber Research, Field Investigations, Strategic Communications and Congressional outreach.

ACTIONS

- Identified key organizations and individuals in the subject's critical circles.**
- Engaged subject's key supporter in Congress. No major change of position by the supporter. However, feedback suggests that the supporter is alarmed by receiving additional relevant, fact based information and is likely to reduce support for the subject.**
- Briefed senior staff at the Homeland Security Committee with the aim of organizing a hearing on the subject's activities and strategic aims.**

- Have deployed an experienced videography team (brand names Aljazeera, France 24) and a former CNN Anchor to create credible, durable, easy to distribute document in the form of a short video.
- Have interviewed/created effective footage of three victims of the subject's activities in his home country
- Have secured the opportunity for testimony by experts on the subject's masked activities, Sebastian Gorka, Phillip Haney, Steve Emerson and other credible witnesses who are authorities on the subject of political Islam, Islamism and Jihadism.
- Our investigation team is engaged in the field within the boundaries of U.S. law.
- Our Cyber research team is also engaged within the boundaries of U.S. law.
- There is a total of 5 professional investigators in the field headed by our principal in charge of investigations.
- Cyber research team is comprised of 3 highly skilled professionals.
- The strategic communications team is actively reviewing and designing a creative tool to convey the masked operation of the subject. We expect the tool to be fully developed and ready for distribution in short order.

The aim of the investigation is to uncover indisputable unlawful activities of the subject and his organization and make a criminal referral.

Operationalize the plan Harmonize Cyber Research, Field Investigations, Strategic Communications and Congressional outreach.

CLOSE OUT OF PHASE 1 ACTIONS AND DISCUSSION

We continue to explore avenues of open source investigation of subject's schools in the US. This is an ambitious list that when completed is expected to help narrow the focus regarding who among subject's school organizers and/or supporters may have possible associations with terrorist organizations such as the Muslim Brotherhood. More importantly, this is the best way to obtain such information (i.e., via financial investigation and/or surveillance, or via other sources).

Our ongoing research has concluded that the schools were the brainchild of the iconic, but reclusive, 75-year old subject, a Sunni Muslim cleric from his home country whose has a reported 3 and 6 million followers who regard him as their spiritual leader. The subject's movement in his home country is known as Hizmet. For the past 17 years, subject has resided on his highly protected country estate in the shadows of the Pocono mountains near Saylorsville, Pennsylvania. To his advocates, subject is a pious imam who promotes a tolerant Islamic view stressing the importance of hard work, benevolence and education. To his detractors, he is powerful and crafty politician committed to overthrowing the existing order in his home country. In the US, he was barely known, except to teachers and students who have defected from his schools, concerned parents, and to auditors for Charter schools,

grant providers, public official's and even to investigative agencies such as the FBI, concerned about possible fraud and other criminal violations until the most recent coup attempt in the subject's home country.

It should be noted that the term "subject's name schools" is actually a misnomer and is not used by the schools themselves, although for simplicity, we will use this term hereafter to refer to the general aggregation of these schools. In states where the subject schools have the greatest presence, they use innocent sounding names such as Harmony Schools (Texas), Magnolia Science Academy (California), Horizon Schools (Ohio, Illinois), and Sonoran Science Academy (Arizona).

Many people do not realize that merely being a supporter of subject schools is not a crime. In fact, during the past several years, many members of Congress (bipartisan) have been courted by subject schools, even taking paid trips to subject's home country, to meet with subject adherents extolling the virtues of their schools. Many graduates of these schools, though precise numbers are seldom reported, reportedly move on to college and successful careers. The Bill Gates Foundation has reportedly made a sizeable donation to subject schools, and the Cosmos Foundation appears to be the largest benefactor. President Obama reportedly visited and praised the work being done in the Harmony School in Washington, DC

The creation and operation of subject schools in the US appears to be the result of a broad strategy that involves the use of a sophisticated business model with complex organizational structuring, multiple layers of private and public funding, clever marketing, and aggressive legal representation in the context of an educational system that by its very design, though certainly not intended, is ripe for abuse and exploitation.

- **Continue to identify key organizations and individuals in the subject's critical circles and areas of influence.**
- **Continue to 'flesh' out the details to brief the senior staff at the Homeland Security Committee with the aim of organizing a hearing on the subject's activities and strategic aims with an optimistic timeline of before the Christmas recess, with a realistic timeline of January 2017. Our team is already in the process of preparing relevant material which highlights the subjects**
- **The videography team (brand names Aljazeera, France 24) and a former CNN Anchor are reviewing and having footage subtitled in English of the three victims of the subject's activities in his home country.**
- **Our investigation team is engaged in the field within the boundaries of U.S. law.**
 - **Develop spreadsheet of U.S.-based subject schools to include when opened or, if closed, reasons why.**
 - **Compile history of criminal or civil suits against subject schools.**

Locate and review both pro-subject & anti-subject websites to identify perspectives, biases, and methods used by the latter to support their stated intentions.

- Identify political leaders at the local and national level who are either supporting or criticizing subject schools, and summarize their respective arguments
- Identify journalists reporting on subject schools and explain their unique areas of focus
- Our Cyber research team is also engaged within the boundaries of U.S. law and is conducting baseline monitoring of a multitude of Social and traditional Media sites.

Subject Related Websites:

- gulenmovement.ca
- fgulen.com/en
- gulenmovementca.blogspot.ca
- fethullah-gulen.org
- fethullahgulenforum.org
- gulenmovement.us

Associated Hashtags:

- #GulenMovement
- #HizmetMovement
- #FethullahGulen
- #Hizmet
- #gulenistes
- #NeverForgetJuly15
- #FETO

Associated Social Media Accounts:

- facebook.com/GulenMovementCanada
- plus.google.com/+FethullahGulenEN

Associated You Tube Accounts:

- youtube.com/channel/UCDfIDhRLi7M32qylaRImQtQ
- youtube.com/channel/UCykpGY1yIAF6rP1zuWTJC2A

- [youtube.com/channel/UC-5_J80Fi7lr92C8h8mmevg](https://www.youtube.com/channel/UC-5_J80Fi7lr92C8h8mmevg)

He's in the News:

- dailysabah.com/war-on-terror/2016/10/12/3-gulen-linked-charter-schools-in-california-face-closure
- latimes.com/local/lanow/la-me-edu-magnolia-charter-ties-to-gulen-20160829-snap-story.html
- dailysabah.com/war-on-terror/2016/10/10/us-must-show-turkey-empathy-over-gulens-extradition-justice-minister
- dailysabah.com/war-on-terror/2016/10/10/iraqi-kurdish-administration-seizes-schools-run-by-gulenists
- reuters.com/article/us-un-assembly-turkey-erdogan-idUSKCN11Q2K5
- france24.com/en/20160916-turkey-coup-fethullah-gulen-extradition-how-will-us-respond
- dailysabah.com/war-on-terror/2016/09/15/top-eu-officials-admit-regret-over-failure-to-grasp-feto-threat
- dailysabah.com/war-on-terror/2016/09/09/pkk-terrorists-informed-about-gulenist-coup-attempt-in-advance
- shaber3.com/inanmadiniz-aldattiniz-sayin-bozdog-haber/1273365
- lehighvalleylive.com/news/index.ssf/2016/07/rare_look_at_exiled_turkish_cl.html

Charter Schools:

- Website:
- charterschoolscandals.blogspot.com/p/list-of-us-gulen-schools.html
- Last Updated 12/7/2015

60 minutes:

- [youtube.com/watch?v=ktl-IDnM7I](https://www.youtube.com/watch?v=ktl-IDnM7I)

Ties to Clinton:

- dailycaller.com/2016/07/13/new-ties-emerge-between-clinton-and-mysterious-islamic-cleric

- The strategic communications team has developed a very complex approach to their efforts which include a Strategic Objectives; Target Audiences, and Activities and Timing.

They are actively designing a creative visual tool to convey the masked operation of the subject. A copy of the initial draft is done and is attached. We expect the visual tool to be fully developed and ready for distribution in short order. The draft "wireframe" version of the board and a citation document which provides public record of the "accusations" within the board. We welcome any and all feedback and will continue working to build out a more "produced" version with graphics, etc.

- **Active engagement of media outlets.**
 - **Drudge Report and have followed up with several different articles and angles. (Clinton foundation connections, etc.) Drudge Report has an unprecedented active readership and even if they don't use this development, they are confident the outreach this week will serve as a strong foundation for future coverage.**
 - **Politico Morning Education - We have also compiled this week's coverage of both Ohio and California (LA TIMES) coverage in hopes of inclusion in tomorrow (Thursday) morning's daily email. Politico is a leading policy outlet and the "Morning Education" email is a subscription based news aggregator received by top education policy influencers in DC and the around the country. See attached PowerPoint slide with a screen shot of this coverage.**
- **Teachers Unions - Teachers unions are a ripe ally in this project given their automatic resistance to all things related to charter schools. While our most impactful messaging might be on the homeland security front, the education/teachers angle could be a valuable flank that**

appeals to Democratic policymakers, whereas Homeland Security might appeal more to Republicans. As such initiated contact today with:

- **Gene Bruskin, formerly of the American Federation of Teachers and author of "The Story Behind the subject Charter Schools and Their Reclusive Founder". Have requested a phone meeting to compare notes and gauge his interest in participating in and assisting with the organization of an effort to coalesce issue experts in his field to persuade policy makers to take action. Updates to follow.**
- **Policymaker Fact Sheet - Producing a briefing document ahead of policymaker meetings. An initial draft is complete and attached.**
- **High Ranking State Level Elected Official - Engaged in conversation with a high ranking elected official in a state with multiple subject Charter Schools. He is "extremely interested" and we are briefing him soon, but wish to keep this outreach confidential at the moment per his wishes.**

GULEN BRIEFING SHEET

Background:

In the wake of the recent attempted coup in Turkey, new focus and scrutiny has been applied to Fethullah Gulen, a Muslim cleric living in exile in rural Pennsylvania. The Turkish government considers the man a terrorist and has petitioned the U.S. government for his extradition. Gulen has millions of global followers, known informally as the Hizmet, meaning service, or the "Gulen Movement". The Movement's primary source of funding is its network of schools around the world. Over 150 of these are US Charter Schools that have used taxpayer dollars to expand their operations into 26 states.

Fethullah Gulen is a radical:

- In his sermons in the 1990s, Gulen urged his followers to infiltrate the Turkish military, media, and government and wait for the right moment to rise up, ordering them to "move within the arteries of the system, without anyone noticing your existence, until you reach all the power centers." Gulen promised that doing so would provide *"the guarantee of our Islamic future."*
- Despite his seeming moderate position, at times, Fethullah Gulen has called the United States his *"merciless enemy."* Additionally, he has claimed that the Jews are responsible for ideas like Communism that have purposefully steered the world towards cataclysm.

Gulen Controls a network of corrupt US Charter Schools:

- Gulen-associated schools participate in a process called "closed-loop leasing," where the charter schools use taxpayer money to pay excessive rent to a Gulen-associated real estate corporation. The real estate corporation funnels those profits back to Gulen or uses the funds to start more schools.
- Gulen-associated schools exploit the H-1B visa program, which are to be used when there are no qualified American workers, to bring Turks to the United States as teachers. In 2009, the Gulen schools received government approval for 684 visas, over 200 more than Google. Parents and other teachers have complained that the Turkish educators are clearly unqualified.
- Gulen-associated schools have been investigated by authorities and journalists in the states of Ohio, California, Texas, Louisiana, Illinois, Massachusetts, Virginia, Pennsylvania and Georgia, as well as by the FBI, for a litany of offenses, including the misappropriation of funds, the falsification of standardized tests, immigration fraud, and bid-rigging.

Gulen is Politically Powerful and Influential in the US:

- In 2002, Fethullah Gulen applied for permanent residence in the United States, claiming that he was an "exceptional individual" who deserved special consideration. His application was denied, but a few years later, Gulen won his appeal with the help of letters from George Fidas, a former director of outreach for the C.I.A., Morton Abramowitz, a former American ambassador and Graham Fuller, a former senior C.I.A. official.
- This was a surprising development after an American diplomat in Turkey had cabled to Washington about Gulen's sharply radical past as an Islamic preacher, the cult-like obedience that Gulen demands, and his involvement in the affairs of almost 100 countries.
- The Gulen movement has illegally financed Congressional travel abroad and provided hundreds of thousands of dollars of improper campaign donations to congressional and presidential candidates.

- Gulen's chief liaison to New York, Recep Ozkan, donated between \$500,001 and \$1,000,000 to the Clinton Global Initiative.

Responsible for the attempted Coup in Turkey:

- Western diplomats have called Erdogan's accusations of Gulenist involvement "compelling," saying that "Gülenists played a credible role in [the coup]."
- General Hulusi Akar, the highest ranking member of the Turkish armed forces and a captive during the July coup, has claimed that his abductors offered to put him in touch with their opinion leader, Fethullah Gulen.
- Several plotters have released statements identifying themselves as loyal Fethullah Gulen and claimed that the coup was in response to an imminent crackdown on Gulenists in the Turkish military.

Statements by Senior US officials:

President Obama: President Barack Obama and Turkish President Tayyip Erdogan discussed the status of U.S.-based cleric Fethullah Gulen, blamed by Turkish authorities for masterminding a recent failed coup, during a call on Tuesday, the White House said.

The Turkish government has filed material in electronic form about Gulen with the U.S. government, which has been waiting for a formal extradition request, White House spokesman Josh Earnest said.

U.S. officials have said Turkey must provide proof that Gulen was involved in the coup attempt. Any extradition request from Turkey, once submitted, would be evaluated under the terms of a treaty between the two countries, Earnest said.

Obama offered U.S. assistance for Ankara's investigation into the attempted coup and pressed Erdogan to proceed according to the democratic principles outlined in Turkey's constitution, Earnest said.

"The principles of democracy should be adhered to even as a thorough investigation is conducted," he said.

The U.S. State Department said it was still in the process of analyzing the documents submitted by Turkey and could not characterize them as an extradition request for Gulen.

Source: <http://www.reuters.com/article/us-turkey-security-usa-extradition-idUSKCN0ZZ23E?l=0>

Anthony Blinken: Question: We see that the U.S. government is taking Turkey's request regarding the return of Fethullah Gulen seriously. Do you agree with Ankara that this topic may damage Turkish-American relations?

Deputy Secretary Blinken: We are determined to do everything we can to help Turkey as it pursues its investigations of those responsible for the attempted coup. And with regards specifically to the case of Mr. Gulen, we've had an exchange of experts visiting both Turkey and the U.S. – legal experts, so that Turkey fully understands the legal process that's involved. I just want to be very clear, this is not a political question at all for the United States – it's simply a legal question. We have laws and requirements when it comes to the extradition of any person from a country with whom we have an extradition treaty and we need to work through those legal requirements. But we've had very good exchanges with Turkey on this question and we're working through the information that's been provided. Source: <https://tr.usembassy.gov/deputy-secretary-antony-blinkens-interview-ntvs-ahmet-vesiltepe/>

Ambassador James Jeffrey: U.S. Ankara Ambassador James Jeffrey, on Dec. 4, 2009, briefed in regards to Gülen's application for Permanent Residence status in the U.S., with a background about Gülen and his movement. Saying that Gülen faced charges in Turkey of plotting to overthrow the state, Jeffrey mentioned a sermon in 1986, where Gülen is heard declaring that "our friends, who have positions in legislative and administrative bodies, should learn its details and be vigilant all the time so they can transform it and be more fruitful on behalf of Islam in order to carry out a nationwide restoration." Holding a Green Card now and living in Pennsylvania's Pocono Mountains, Fethullah Gülen was doubted to have infiltrated the TNP, and they "have found no one who disputes it."

Additionally, Jeffrey found out that the "TNP applicants who stay at Gülenist pensions are provided with the answers in advance of the TNP entrance exam." Apart from that, even more subtly, "Gülen's lack of transparency creates doubt about his motives and leads to suspicions about what lies ahead," Jeffrey says. As for the aspects of concern in the allegations that the U.S. government is somehow behind the Gülen Movement, Jeffrey concluded that "the U.S. is not 'sheltering' Mr. Gülen and his presence in the U.S. is not based on any political decision." Source: <http://www.dailysabah.com/war-on-terror/2016/08/02/a-decade-of-the-gulen-movement-on-wikileaks-more-than-meets-the-eye>

Stuart Smith: The Gülenists' penetration of the National Police (TNP), media outlets and their record of going after anyone who criticizes Gülen were among the items on the annual agenda of the U.S. Embassy in Ankara in 2005, when a decision by U.S. immigration authorities for the first time denied him the right to travel outside of the country. Stuart Smith, the U.S. vice consul general of the

Intelligence Department in Ankara, reported that three ranking TNP asked for a meeting with the Istanbul legate as a means of asking whether the "FBI could provide some sort of clean bill of health" for Fethullah Gülen. Upon such a request, Smith juxtaposes some concerns about the Gülen Movement's actions: "Severe pressure on businessmen to continue to give money to support Gülenist schools or other activities," "using their school networks to cherry-pick students they think are susceptible to being molded as proselytizers and to indoctrinate boarding students," "the cult-like obedience and conformity" the movement insists on its substructures. Source: <http://www.dailysabah.com/war-on-terror/2016/08/02/a-decade-of-the-gulen-movement-on-wikileaks-more-than-meets-the-eye>

Deborah K. Jones: A cable, with a more suspicious and questioning tone, classified by Consul General Deborah K. Jones on May 23, 2006, clarifies that U.S. authorities in Turkey started to count Gülen Movement's institutions and academies in the U.S., Central Asia, Caucasus, Russia, the Balkans, Africa, South East Asia, the Far East, the Middle East and Europe. Furthermore, the cable shows that a profile recognition for those traveling to the U.S., particularly with the aim of visiting Fethullah Gülen, was also actively carried out by Consular officers. Compiling a list of Gülenist organizations as well as periodical meetings to discuss trends within the Gülenist applicant pool let Consular officers in Ankara and Istanbul notice "what appears to a purposeful 'shifting' of applicant profiles appearing for visa interviews in what may be an effort by Gülenists to identify 'successful' profiles." After giving the general features of applicants and visitors (the young exchange visitor; the married middle-aged male with no English and traveling alone; the middle-school-aged English student; the graduate student going for English), the Consul General Jones claims that "evasiveness of Gülenist applicants leaves Consular officers uneasy" although there seems to be "a benign humanitarian movement" on the surface. Source: <http://www.dailysabah.com/war-on-terror/2016/08/02/a-decade-of-the-gulen-movement-on-wikileaks-more-than-meets-the-eye>

BREIFING ON GULEN RELATED CHARTER SCHOOLS IN TEXAS

Current Situation

There are approximately 46 Gulen-affiliated charter schools serving 31,000 students in the state of Texas. Chairman McCaul has two schools within his district.

In May, Amsterdam & Partners filed a 32-page complaint alleging that Harmony Public Schools, the state's largest charter school network, hires under-qualified Turkish teachers and steers business to companies run by Turkish nationals, including some former Harmony employees.

Amsterdam & Partners additionally alleged that Harmony Schools are guilty of funneling money to Fethullah Gulen via tithes from teachers, that Harmony schools have misused bond money from the state of Texas to operate schools in Arkansas, and that Harmony abuses the H-1B visa program to bring in Turkish workers as teachers and then shuffle them around the United States in various positions.

The Texas Education Agency had found the allegations credible and were investigating the complaint. However, on October 17, the TEA cleared Harmony of allegations that it illegally steered business to vendors with ties to Harmony and the nation of Turkey. But, the TEA only dismissed several other claims that involved teacher hiring, special education and other matters, saying it was its jurisdiction.

In response, Amsterdam & Partners has criticized the TEA for only investigating two of the ten allegations, saying "this cursory inquiry not only ignored the majority of the issues raised in the complaint, but also failed to look beyond the registered agents of the contracting companies without even considering who the beneficiaries are." Amsterdam continued, "Knowing the Gülenists, they will undoubtedly attempt to portray this whitewash as a victory. But the fact is that there are many areas that TEA did not address, and we intend to request other state agencies and public officials to scrutinize Harmony's activity."

Inadequate Investigation

Among the issues in the complaint that were left aside by TEA include evidence of discrimination in hiring, pay, and promotion favoring Turkish males, preference for related Turkish vendors in major contracts, discrimination against English Language learners and Students with Disabilities, abuse of the H-1B visa program to bring in underqualified Turkish nationals for teaching and leadership positions, misuse of federal program funding for low socioeconomic students and students with special needs, and systematic overcharging of leases to Harmony schools by Harmony's private real estate arm to siphon over \$18 million of public funds out of the schools.

Despite finding that Harmony had paid over \$18.7 million dollars to Turkish owned vendors in the last two years, TEA conducted no analysis to determine whether these vendors had illegal relationships to Harmony's leadership, as alleged in the complaint. This deserves more investigation because it is known that some of these local funds Harmony receives come from questionable sources. For example, Harmony received \$175,000 from Gulen-affiliated schools in Oklahoma that in a recent audit by the Oklahoma State Auditor were considered an improper use of state funds.

Past Improprieties

This is not the first time that Harmony Public Schools has been accused of impropriety.

In 2011, *The New York Times* found that Harmony gives the vast majority of its construction and renovation contracts to Turkish-owned companies, even when other firms had offered to do the job for less money. *The Times* also noted that Harmony applies for hundreds of H-1B visas, claiming that there are no skilled Americans qualified to teach children. Texas has a population of almost 30,000,000 people.

In 2014, Harmony Public Schools settled a federal civil rights complaint that involved a female American teacher who made less than her male colleagues from Turkey, including those with less experience.

Also in 2014, Harmony reached an agreement with the U.S. Department of Education over how it teaches children who are learning English or have disabilities. A federal investigation found that those students were "significantly underrepresented" at Harmony, and that Harmony didn't ensure those students received the extra help they needed.



To: Flynn Intel Group
From: Sphere Consulting
Date: October 18, 2016
RE: Charter Schools and the Department of Education

The Charter Schools Program (CSP)

The Department of Education has a Charter Schools Program that disburses discretionary grants to "create new high-quality public charter schools, as well as to disseminate information about ones with a proven track record." Federal funds are also available to replicate and expand successful schools; help charter schools find suitable facilities; reward high-quality charter schools that form exemplary collaborations with the non-chartered public school sector; and invest in national activities and initiatives that support charter schools.

The CSP is part of the Department of Education's Office of Innovation and Improvement (OII). The OII has a self-state mission "to accelerate the pace at which the U.S. identifies, develops, and scales solutions to education's most important or persistent challenges," which it accomplishes through strategic investments and discretionary grant programs.

CSP Grants

The CSP disburses grants and funding in about a half dozen ways. These are listed with their FY 2016 funding levels.

1. The Secretary of Education awards grants to State Educational Agencies (SEAs) to enable them to conduct charter school programs through sub-grants at the state level.
 - a. \$177,209,326 for new awards and \$11,548,828 for continuation awards
2. The Secretary of Education awards grants for "Planning, Program Design, And Initial Implementation Grant" directly to programs that do not have a State Educational Agency or that do not have a State Educational Agency with an approved application for CSP grants.
 - a. \$3,325,107 for new awards and \$2,784,727 for continuing awards
3. The Secretary of Education awards grants for "dissemination" (including assisting the foundation of new charter schools, developing partnership, producing curriculum materials, and conducting evaluations) directly to programs that do not

have a State Educational Agency or that do not have a State Educational Agency with an approved application for CSP grants.

- a. This grant has not been awarded or continued since 2014.
4. The CSP awards grants to charter schools or non-profit charter management programs to expand enrollment of high-achieving programs by substantially increasing the number of available seats per school, or to open one or more new charter schools based on the model for which the eligible applicant has presented evidence of success.
 - a. \$65,759,488 for new awards and \$32,316,646 continuing awards
5. The CSP awards funds that are used to match programs funded with nonfederal dollars that make payments, on a per-pupil basis, to provide charter schools with facilities financing. The funds scale down annually and are phased out after 5 years.
 - a. Funding data is not available for 2016. In 2015, \$9,000,000 was disbursed as a continuation of previous grants.
6. The CSP awards grants that support efforts by eligible entities to improve the quality of charter schools by providing technical assistance and other types of support on issues of national significance and scope.
 - a. In 2015, provided \$4,123,072 in new awards.
7. The CSP provides grants to eligible entities to permit them to enhance the credit of charter schools so that the charter schools can access private-sector and other non-Federal capital in order to acquire, construct, and renovate facilities at a reasonable cost.
 - a. In 2015, provided \$14,069,608

Gulen Schools Receiving Federal Funding

School	Chartering Org.	Location	Year	Grant Details
Harmony Schools*	Cosmos Foundation	Houston, TX	2011	3 years \$4,940,897
Horizon Science Academy-Southwest	Concept Schools	Chicago, IL	2015	3 years \$337,138
Chesapeake Math & IT Academy-South	Chesapeake Lighthouse Foundation	Hanover, MD	2014	3 years \$617,120
Thomas Edison Energy Smart	Apple Educational Services	Somerset, NJ	2010	3 years \$530,507
Triad Math & Science Academy	Washington Educational Foundation	Greensboro, NC	2010	1 year \$530,432
Triad Math & Science Academy	Washington Educational Foundation	Greensboro, NC	2012	2 years \$751,145
Noble Schools*	Concept Schools	Chicago, IL	2014	3 years \$507,209

Young Scholars of Western Pennsylvania	Apple Educational Services	Pittsburgh, PA	2012	2 years \$301,500
Vision Academy	Apple Educational Services	Lansdowne, PA	2016	3 years \$783,104

*Grant was awarded to a network of schools, rather than an individual institution

<https://innovation.ed.gov/what-we-do/charter-schools/credit-enhancement-for-charter-school-facilities-program/awards/>
FIND OUT WHAT BUILDERS BUILD GULEN SCHOOLS THEN CROSS REFERENCE

<https://innovation.ed.gov/what-we-do/charter-schools/charter-school-program-state-educational-agencies-sea/awards/>
WHEN THERE IS AN APPLICATION PDF, FIGURE OUT IF THE STATE HAS
DISBURSED FEDERAL FUNDS